



Management's Discussion and Analysis For the Year Ended December 31, 2009

March 31, 2010

The following management's discussion and analysis ("MD&A") focuses on significant factors that affected Ram Power, Corp. and its subsidiaries ("Ram Power" or the "Company") during the relevant reporting period and to the date of this report. It contains a review and analysis of the 2009 financial results, identifies business risks that the Company faces and comments on the financial resources required for the development of the business.

This MD&A supplements, but does not form part of, the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2009. Additional information relating to the Company such as the Annual Information Form can be found on SEDAR at www.sedar.com. The information in this MD&A is current as of March 31, 2010.

All amounts, unless specifically identified as otherwise, both in the financial statements and this MD&A are expressed in U.S. dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of electricity, business prospects and opportunities. In addition, statements relating to estimates of recoverable geothermal energy "reserves" or "resources" or energy generation are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the geothermal resources and reserves described can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors, may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current geothermal energy production, development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective geothermal resources; changes in project parameters as plans continue to be refined; possible variations of production rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the geothermal industry; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risk Factors" in this MD&A. These factors should be considered carefully and readers of this MD&A should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, Ram Power assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

USE OF NON-GAAP MEASURES:

In this document, we refer to terms that do not have any standardized meaning prescribed by Canadian Generally Accepted Accounting Principles (Canadian "GAAP"). Our usage of these terms may vary from the usage adapted by other companies. Where we have used non-GAAP measures or terms we have provided definitions. In this document and in the Company's financial statements, unless otherwise noted, all financial data is prepared in accordance with Canadian GAAP.



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BUSINESS OVERVIEW AND STRATEGY

Ram Power is engaged in the operation, development, exploration and acquisition of geothermal energy projects in Nicaragua, the United States, Canada and Chile. Ram Power's mission is to become a leading global renewable power project developer and supplier of clean and reliable geothermal power. The Company has a strong balance sheet and believes it is well-positioned to profitably exploit its portfolio of geothermal development projects and identify additional projects for the future growth and expansion of the Company.

On October 20, 2009, the Company completed an arrangement (the "Arrangement") with Polaris Geothermal Inc. ("Polaris") and Western GeoPower Corp. ("Western") that provided for the exchange of common shares of the Company for all of the issued and outstanding equity interests of Polaris and Western. In connection with completion of the Arrangement, the Company also acquired 99.9% of the issued and outstanding shares of Ram Power, Inc. ("RPI") (together with the Arrangement, the "Business Combination") and completed an equity financing in the amount of \$173.6 (CDN\$179.4) million dollars through issuance of 59.8 million common shares to primarily institutional investors (the "Equity Financing").

As a result of the above transaction, Polaris, Western and RPI became subsidiaries of the Company. However under accounting rules, Polaris is deemed the acquirer for accounting purposes and, as a result, the consolidated financial statements of the Company are a continuation of the financial statements of Polaris. Shareholders' equity was determined and presented on the consolidated balance sheet as if the consolidated financial statements are a continuation of Polaris. The consolidated statements of operations include results of operations for Polaris for the periods prior to the date of the Arrangement and results of operations for the combined entities subsequent to that date.

During 2009, prior to completion of the Arrangement, Polaris had several debt and equity issuances to finance the expansion of its geothermal project in Nicaragua. These were repaid or exchanged for equity in Ram Power at the date of completion of the Arrangement. Significant expenses were incurred in connection with these financings which are reflected in the financial statements for the year ended 2009.

On December 29, 2009, the Company announced the closing of a \$77 million credit facility, and on March 25, 2010 the Company drew down on \$18 million of proceeds from the credit facility. Proceeds from this credit facility combined with existing cash-on-hand will be used to fund the completion of Phase I of the Company's San Jacinto-Tizate geothermal power project in Nicaragua. The Phase I project is planned to expand production of the existing 10 MW facility to 46 MW by the second quarter of 2011.

The Company has a highly experienced geothermal project development and management team. Senior management has extensive experience in critical areas of geothermal development, construction, financing and operations. In connection with completion of the Business Combination, a newly-elected Board of Directors was put in place. Ram Power's Board of Directors is comprised of individuals with a broad range of industry and business expertise who are well-qualified to provide independent oversight and strategic direction to the Company.

The Company's corporate offices are located in Reno, Nevada and its common shares are listed on the Toronto Stock Exchange under the symbol RPG.

ORGANIZATION OF THE COMPANY

Ram Power is a corporation existing under the Business Corporations Act (British Columbia) ("BCBCA"). The Company was incorporated under the laws of British Columbia on April 26, 1984 under the name "Chablis Resources Ltd.". Effective September 6, 1988, the Company's name was changed to "Westhill Resources Ltd.". Effective March 3, 1992, the Company underwent a reorganization and changed its name to "Breckenridge Resources Ltd.". On September 25, 2003, the Company underwent a reorganization and changed its name to "GTO Resources Inc." ("GTO"). Effective October 20, 2009, GTO, Polaris, and Western completed the Arrangement under the BCBCA and GTO changed its name to "Ram Power, Corp." Concurrent with the closing of the Arrangement, the Company



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completed the acquisition of 99.9% of the issued and outstanding shares of RPI, a private Delaware corporation. Effective January 1, 2010, Western was amalgamated with Ram Power under the BCBCA.

OPERATIONAL OVERVIEW

The Business Combination was the most significant factor impacting the Company's operations in 2009 and it is expected to have a significant effect on the Company in the future. In connection with the Business Combination, the Company acquired a diversified portfolio of geothermal properties at various stages of development in different geographical regions. The Company has also assembled an experienced team that together with the funding provided by the Equity Financing allows the Company to plan for a rapid advance in its geothermal projects to production utilizing demand for renewable energy and government support.

Geothermal Energy Projects and Operations

Significant events, transactions and activities on Ram Power's geothermal properties which occurred during the year ended December 31, 2009 and to the date of this MD&A are discussed below. The Company has several geothermal projects underway in various stages of development.

Operating Project

San Jacinto Tizate – San Jacinto, Nicaragua

The San Jacinto-Tizate geothermal project (the "San Jacinto Project") is located in the north-west of Nicaragua, near the city of Leon, approximately 90 km north of Managua. The San Jacinto Project exploitation concession covers an area of 40 km². The San Jacinto Project is currently being developed under an exploitation agreement held by the Company's subsidiary (the "San Jacinto Exploitation Agreement"). The term of the San Jacinto Exploitation Agreement is for 25 years, extendable by two 5 year terms. The San Jacinto Exploitation Agreement has an investment schedule outlining the various milestones that the Company must meet in its development of the San Jacinto Project. Non-compliance with these milestones may cause the San Jacinto concession to be revoked. As of March 31, 2010, the Company is in compliance with all of the milestones to date and expects to stay in compliance during 2010 and thereafter. The current generation license allows for 72 MW for a 30 year term commencing in December 2003.

Pursuant to the terms of the San Jacinto Exploitation Agreement, as amended, the San Jacinto Project is being developed in two phases, Phase I and Phase II. Both Phases I and II of the San Jacinto Project are concentrated in the eastern sector of the San Jacinto Project concession. Phase I originally called for the development of 20 MW of production in two stages, with each stage comprised of 10 MW. Phase II called for the production of an additional 46 MW. Pursuant to an addendum to the San Jacinto Project Exploitation Agreement, Phase I will be expanded into 46 MW at a budget of approximately \$160 million and Phase II is planned to be expanded to add another 36 MW of capacity at a budget of approximately \$155 million, bringing the total planned capacity of Phase I and Phase II to 82 MW, at which time it is planned that the two existing back pressure turbo generators that commenced production in July 2005 will be decommissioned to leave 72 MW net. As at December 31, 2009 the Company had approximately \$67,801,147 and \$7,931,919 in accumulated costs related to Phase I and Phase II expansions, respectively.

As of December 31, 2009, four new wells at the San Jacinto Project have been completed. Wells SJ9-1 and SJ6-2 have been tested and proven suitable for production of a total of nearly 40 MW. Wells SJ9-2 and SJ10-1 will be used for injection. Additionally, existing well SJ6-1 was worked over in July 2008 to clean deposits from inside the well and to perforate the liner to increase the potential productivity of the well. Well SJ9-1 was connected to the steam production system for the back-pressure turbines and is on production as part of a long term well test. Well SJ-10 was connected to the injection system in June 2009 and was placed into operation as a reinjection well.

The San Jacinto Project currently has 560 tonnes per hour of steam in producing wells, which is sufficient to generate approximately 68 MW of capacity. Taking into account typical long-term declines in well performance, this level of steam flow is expected to be sufficient to support 58 MW of installed capacity for 20 years. To achieve the San



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Jacinto Project's target of 77.6 MW of gross production, the Company plans to drill an additional two or three production wells to achieve at least 598 tons per hour of steam flow. Drilling is planned to begin in April 2010 and is expected to be completed by December 2010. During the same period, the Company plans to drill two or three injection wells.

The selected technology for Phase I of the San Jacinto Project development was back-pressure steam turbines for initial development. These are relatively inefficient units, but were able to be installed very quickly and at a low cost. Phase I development will be completed with the installation of a 36 MW (net) Fuji single flash steam turbine, which uses the most common technology (condensing steam turbines) in use worldwide for geothermal power generation. Additional steam will be required for the second stage and thus a drilling program has been established as part of the Phase I development.

Phase II is planned to bring the total San Jacinto Project output to 72 MW. This development is expected to overlap considerably with the Phase I development. The necessary additional production is expected to be provided by the drilling of new wells. Additional production and reinjection wells will be required for this stage (in addition to the Phase I wells), and targets for these have already been identified. It is planned that the San Jacinto Project power plant will be expanded by the installation of a further Fuji 36 MW (net) capacity power plant, identical to the unit used for Phase I. It is expected that the Phase II power plant will be constructed via a procurement and construct contract, and located on the existing prepared platform adjacent to the Phase I power plant. It is expected that the steam field gathering system will be developed via the same procure and construct contract. It is planned that the 138 kV switchyard will be expanded by a further transformer bay for the new unit. The Phase II unit is expected to come into operation before March 2012 subject to obtaining additional financing.

The Company expects to spend approximately \$60 million on Phase I in 2010 with approximately \$50 million coming from the \$77 million bank facility and the rest being funded from cash on hand. The first draw under the new credit facility took place in March 2010 in the amount of \$18 million. Concurrent with the first draw, the Company advanced the committed equity required under the terms of the credit facility. No additional equity contribution is expected to be required for the completion of Phase I expansion.

The Company expects to spend approximately \$56 million on Phase II in 2010 subject to obtaining additional debt financing as further discussed in section "Outlook" below.

Exploration Projects

The Company's portfolio of geothermal exploration properties is currently comprised of the Casita San Cristobal geothermal project (the "Casita Project") in Nicaragua, the Geysers Unit 1 in northern California (the "Geysers Project"), Orita (the "Orita Project") and New River (the "New River Project") in southern California, Clayton Valley 1 (the "Clayton Valley Project") and Delcer Butte in Nevada and South Meager in British Columbia. These properties were acquired from a variety of sources, including through the U.S. Bureau of Land Management lease auctions and private leaseholders and landowners. Ram Power's advanced stage exploration properties are the Geysers Project, the Orita Project and Casita Project. The Company has entered into power purchase agreements ("PPA") for the San Jacinto, Geysers, Clayton Valley and Orita Projects.

In 2008, the Company completed drilling of four wells at the Geysers Project. These wells are capable of producing 26.1 MW of initial net capacity. In accordance with a reservoir study performed by GeothermEx, Inc., upon completion of additional drilling, the Geysers Project's steamfield would be able to support power generation of 35 MW (net) for several months and then the generation would decline to about 25 MW (net) over the next five to six years. At this stage, the Company is exploring various options designed to maximize the value of the Geysers Project including entering into a contract to sell steam from the Geysers Project to an unrelated third party.

The Company is planning to begin its exploratory drilling program for the Orita Project which will consist of six exploration/production wells in April 2010. If the results of the exploration program are successful, the Company plans to commence permitting, design, drilling, and eventually construction of the remainder of the steamfield and the first 49.9 MW power plant.



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The next stage for the development of the Casita Project resource is expected to be the drilling of deep exploration wells to test and prove the resource potential and is scheduled to begin in late-2010. The Company has certain investment obligations in connection with the Casita concession. Non-compliance with these obligations may cause the Casita concession to be revoked. As of March 31, 2010, the Company is in compliance with these obligations and expects to stay in compliance during 2010 and thereafter.

The Company is planning to begin drilling in the New River Project leasehold in late 2010 or early 2011.

Permitting for exploration activity at the Clayton Valley Project commenced in March 2010. Geophysical surveys are planned for mid-year and exploration drilling for end of 2010.

In October 2009, the Company, jointly with Magma Energy Corp., won an international bid for two geothermal concessions in Nicaragua known as the Mombacho and Apoyo concessions. Future exploration of the concessions will be made pursuant to a joint venture agreement with Polaris acting as the managing partner and each company contributing equally to project costs.

The Company was recently awarded two geothermal exploration concessions in Chile, Aucan I and Laguna Verde, which will form the foundation of the Company's development in that country. The Company expects to start exploration of these concessions in 2010 with production planned to commence in the 2015-2016 time frame.

The Company has certain investment commitments in connection with its new geothermal concessions in Nicaragua and Chile. In order to satisfy the concessions' requirements and also to advance the development of these properties, the Company plans to spend approximately \$400,000 on the Mombacho and Apoyo concessions in Nicaragua and \$250,000 on Aucan I and Laguna Verde concessions in Chile.

Subject to the Company board of directors' final approval, the Company plans to spend overall approximately \$62 million dollars on all its exploration projects in 2010.

FINANCIAL OVERVIEW

The financial information presented below has been prepared in accordance with Canadian GAAP. The significant accounting policies are outlined within Note 2 to the audited consolidated financial statements of the Company for the year ended December 31, 2009. These accounting policies have been followed consistently throughout the period.

The functional currency of the Company and each of its subsidiaries is the U.S. dollar except for the Company's Meager Creek subsidiary whose functional currency is the Canadian dollar. The reporting currency selected for the presentation of the Company's consolidated financial statements and the results disclosed below is the U.S. dollar.

As a result of the Business Combination, the revenues generated and expenses incurred in the years ended December 31, 2008 and December 31, 2009 are not indicative of revenues and expenses expected in the future. Most notably, during 2009 prior to completion of the Business Combination, Polaris had several debt and equity issuances to finance the expansion of the San Jacinto Project. Significant expenses were incurred in connection with these financings and include charges related to the accretion on the bridge loan of \$3,421,318, accretion on preferred shares of \$7,294,032, and unrealized foreign exchange loss on the translation of the bridge loan of \$3,857,261.

	2009	2008	2007
Revenue	\$ 5,424,220	\$ 4,758,360	\$ 4,541,380
Net income (loss)	(37,407,564)	(4,633,977)	(6,681,771)
Net income (loss) per share	(0.37)	(0.06)	(0.11)
Total assets	357,784,707	80,937,732	62,912,138
Total long-term liabilities	2,476,669	41,011	9,097,608



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The San Jacinto Project continued to be the only operating project of the Company during 2009. During the twelve months ended December 31, 2009, the Company's sales were higher by \$665,860 compared to the twelve months ended December 31, 2008. The increase in the sales was due to sales of Certified Emission Reductions, also known as Carbon Credits ("CERs"), in the amount of \$664,595 compared to \$423,505 for the same period in 2008, and an increase in generation revenue of \$424,770.

The Company's revenue recognition policy for CERs is to recognize CER sales when the CERs have been validated and transferred to the purchaser's broker account. CERs that have been generated and verified are recognized as an intangible asset and deferred revenue. During the twelve months ended December 31, 2009, 45,862 CERs with the value of \$664,595 were validated and transferred to the broker's account. The proceeds from the sale of CERs were netted against the option premium refund requested by the broker, Blues Traveler, on March 10, 2009 for net proceeds of \$114,595, which resulted in a decrease to the amount recorded as an option premium of \$550,000.

The increase in the Company's generation revenue was the result of higher output from one of the San Jacinto Project's back-pressure units and connection of an additional well (SJ-9-1) to the gathering system for the entire year. Performance of the back-pressure unit improved due to repairs made to its rotor blade that increased its average generation from 5.0 MWs to 5.1 MWs. This revenue was offset by the loss in generation revenue due to the plant downtime in March and April 2009 caused by the scheduled plant overhaul.

Direct costs associated with energy production for the twelve months ended December 31, 2009 were lower by \$279,672 compared to the same period in 2008. The decrease in the direct costs associated with energy production was the result of savings of \$65,000 per month from the discontinuation of an operating contract with LaGeo that occurred in May 2008. These costs savings were netted with an increase in plant and maintenance expenses due to the plant overhaul in the second quarter of 2009.

Expenses other than direct costs associated with energy production for the twelve months ended December 31, 2009 consist of Polaris expenses through October 19, 2009 and consolidated expenses of the Company for the period from October 20, 2009 through December 31, 2009.

General and administrative expenses increased by \$8,034,926 compared to 2008 primarily for the reasons described below.

Compared to 2008, consulting fees for 2009 increased by \$1,409,028. The major components of this increase include bonuses paid to the Polaris executives related to the closing of the \$77 million financing (\$365,000), fees paid related to the purchase accounting valuation report (\$120,000), write-off of fees related to a proposed financing from the Development Bank of Brazil (\$560,000) and expensing of consulting fees previously capitalized as part of geothermal properties (\$314,000). Other general and administrative expenses increased \$1,316,265 as a result of administrative costs related to the offices in Reno, Vancouver and Healdsburg that were added in connection with the Business Combination. The Company incurred professional fees of \$2,478,118 during 2009 related to the Business Combination. The year-over-year increase in salary expense of \$1,206,534 is primarily the result of additional salary expenses incurred associated with the Western and RPI personnel retained following the Business Combination. In addition, the Company recorded stock based compensation of \$1,814,475 related to the stock options issued following the closing of the Business Combination. Certain of the administrative expenses incurred in 2009 relate to redundant operations that are in process of being streamlined during 2010. As part of the streamlining process, two corporate offices of Western were closed and a sharing arrangement for an additional office of Polaris was terminated.

Expenses for interest, bank charges and accretion on debt increased by \$4,646,237 compared to 2008. This increase relates to the various debt issued by Polaris prior to the closing of the Business Combination. All of the debt that had been issued by Polaris was repaid in connection with the Business Combination transaction.

Accretion expense related to the preferred share issuance increased by \$7,294,032 year over year. There were no preferred shares outstanding in 2008.

The Company suffered a foreign exchange loss of \$9,050,834 related to loss on conversion of the proceeds of the Equity Financing in the amount of \$5,102,672 and loss on the translation of Polaris bridge loan of CDN\$27 million in amount of \$3,857,261.



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During the twelve months ended December 31, 2009, the Company spent approximately \$23.4 million on additions to geothermal assets. These costs were primarily related to the construction program for Phase I expansion of the San Jacinto Project in Nicaragua. These expenditures included an advance payment in the amount of \$11,977,000 and progress payments in the amount of \$1,227,616 to Construtora Queiroz Galvão S.A. under a construction contract, and a payment to Fujii Electrical Corp. America of \$3,190,812 for a single flash steam turbine generator. In addition, funds were spent for the purchase of materials and some preliminary work on the drilling program for Phase II of the San Jacinto Project expansion.

Summary of Unaudited Quarterly Results

The information provided below highlights the Company's quarterly results for the past two years.

	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Three months ended:				
Revenue	\$ 1,147,642	\$ 1,239,603	\$ 1,671,431	\$ 1,365,544
Net income (loss)	(15,408,155)	(15,707,444)	(4,939,439)	(1,352,526)
Income (loss) per share	(0.13)	(0.16)	(0.06)	(0.02)

	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
Three months ended:				
Revenue	\$ 1,240,370	\$ 1,653,155	\$ 931,116	\$ 933,719
Net income (loss)	636,219	(804,019)	(3,585,210)	(880,967)
Income (loss) per share	0.01	(0.01)	(0.05)	(0.01)

The Company's revenues are based on long-term contracts with prices that do not vary on a quarter to quarter basis. Operating expenses are also consistent quarter over quarter. Quarterly changes in revenue during 2009 and 2008 are the result of connecting an additional San Jacinto well to the grid in the second quarter of 2008, causing a significant increase in energy output for all quarters thereafter. Maintenance and repairs on the San Jacinto back pressure units caused declines in revenue in the second and third quarters of 2009. Additionally, downtime caused by temporary faults in the grid system is more frequent during the rainy season of May to November. The Company's net loss increased significantly in the third and fourth quarters of 2009 compared to the same quarters in 2008 as result of higher accretion charges from the conversion of the Company's preferred shares, and increases in professional fees, stock option expense, and salaries and other expenses in connection with the Business Combination. The net loss in the last quarter of 2009 includes a foreign exchange loss in the amount of \$5,918,247 primarily due to loss on conversion of the proceeds of the Equity Financing

LIQUIDITY AND CAPITAL RESOURCES

The Company enters into agreements for geothermal property purchases and building leases. The minimum annual payments required are as follows:

	2010	2011	2012	2013	2014	After	Total
Geothermal concessions	\$ 288,000	\$ 261,000	\$ 536,000	\$ 650,000	\$ 506,000	\$ 220,000	\$ 2,461,000
Capital asset purchases	16,951,000	6,654,000	-	-	-	-	23,605,000
Operating leases	316,000	239,000	38,000	-	-	-	593,000
	\$17,555,000	\$7,154,000	\$ 574,000	\$ 650,000	\$ 506,000	\$ 220,000	\$26,659,000

At December 31, 2009, the Company had \$123,341,372 in cash and short-term investments, total current liabilities of \$ 13,525,024 and working capital of \$115,150,121. Working capital items, other than cash and cash equivalents and



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short-term investments primarily consisted of prepaid and other assets of \$3,230,407 and accounts receivable of \$2,103,366. Principal components of the current liabilities are \$12,598,528 in accounts payable and accrued liabilities and \$411,966 in amounts due to related parties.

The Company currently has long-term debt obligations of \$849,688 that mature on December 31, 2011. The Company has a credit facility of up to \$77 million, which can be drawn on for development of the Phase I expansion of the San Jacinto Project. No amounts have been drawn on the credit facility as of December 31, 2009.

To date, the majority of the Company's capital requirements have been met by equity proceeds. Management believes the Company has sufficient working capital to meet its administrative overhead for the ensuing twelve months as well as to fund the planned development programs on its properties in the amount of approximately \$178 million as described in section "Geothermal Energy Projects and Operations" above.

Working capital will also be used to fund interest incurred on the credit facility and Phase I and Phase II of the San Jacinto Project, as discussed below. The credit facility has certain affirmative and negative covenants, which the Company is currently in compliance with and expects to remain in compliance with for the ensuing twelve months. If the Company does not meet its covenant requirements, or they are found to be in default of the terms of the credit agreement, all commitments not drawn will terminate and amounts due on the loan may become immediately due and payable.

The Company's continuing expansion is dependent on management's ability to raise required funding through future equity issuances, debt financing, asset sales or a combination thereof. The Company has no plans to raise equity by issuing additional shares at this point.

SHARE CAPITAL AND FINANCINGS

As of March 31, 2010, the following shares were outstanding:

Common shares with no par value	146,151,380
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The following warrants and stock options, entitling the holders to acquire common shares of the Company were outstanding at March 31, 2010:

Number of Common Shares	Exercise Price per Common Share	Expiry Date
(a) Warrants		
3,498,300	\$1.50	March 3, 2011
(b) Stock Options		
18,502	\$4.09	June 29, 2010
55,980	\$5.63	September 16, 2010
144,615	\$3.54	February 27, 2011
6,220	\$2.73	August 23, 2011
15,048	\$2.49	December 19, 2011
37,005	\$4.26	March 15, 2012
24,670	\$4.05	April 20, 2012
18,660	\$5.14	May 30, 2012
18,502	\$4.66	June 17, 2012
276,304	\$5.67	June 21, 2012
283,010	\$4.34	September 20, 2012
31,100	\$5.63	February 11, 2013
34,210	\$4.66	April 3, 2013
226,964	\$4.86	June 12, 2013
39,472	\$4.86	June 19, 2013
21,770	\$5.06	August 1, 2013
83,970	\$3.14	October 16, 2013
28,371	\$2.31	May 15, 2014
252,838	\$2.92	June 29, 2014
197,360	\$3.65	September 3, 2014
6,225,000	\$3.50	October 21, 2014
8,039,571		

During 2009, Polaris completed various debt and equity issuances. All of these were repaid or converted in connection with the Business Combination. The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

On May 1, 2009, Polaris completed a private placement of 26,533,334 units at a price of CDN\$0.45 per unit for aggregate gross proceeds of \$10,000,000 (see Note 13 to the audited consolidated financial statements). The private placement was completed with the involvement of Treevil Holdings Inc. ("Treevil") and Exploration Capital Partners 2000 Limited Partnership ("ECP"), each of which was considered a related party at the relevant time because of its ability to exert significant influence on the strategic, operating and financing decisions of Polaris at that time. However, due to the substantial change in ownership in Polaris as a result of the Business Combination, Treevil and ECP are no longer considered related parties of the Company.

On May 4, 2009, Polaris acquired 83.40% of the outstanding shares of Cerro Colorado Corp. ("CCC"), a Panamanian company (see Note 3 to the audited consolidated financial statements), from Radiante Amanecer Latinoamericano, S.A. ("Radiante") and ECP. Radiante and ECP were considered to be related parties at the relevant time because of their ability to exercise significant influence on the strategic, operating and financing decisions of Polaris at that time. However, due to the substantial change in ownership in Polaris, as a result of the Business Combination, Radiante and ECP are no longer considered related parties of the Company.



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On September 15, 2009 and October 19, 2009, ECP, through its affiliate, the Rule Family Trust, converted 20,997,729 and 5,535,605 voting, convertible, redeemable preferred shares of Polaris, respectively, into 26,533,334 common shares of the Polaris. The Rule Family Trust was considered a related party at the relevant time because of its ability to exert significant influence on the strategic, operating and financing decisions of Polaris through ECP. As mentioned above, ECP and the Rule Family Trust are no longer considered related parties of the Company after the Business Combination.

Beginning January 1, 2008, Polaris incurred a management fee of CDN\$12,000 per month to Investments and Technical Management Corp ("ITC"). The management fee was reduced to CDN\$6,000 for January 2010 and to CDN\$1,000 for the following months. ITC was considered a related party because its principal, John Clark, was a director and officer of Polaris before the Business Combination. ITC is no longer considered a related party as a result of the Business Combination. There was no outstanding amount owed by the Company to ITC at December 31, 2009. The Company terminated the engagement with ITC effective March 31, 2010.

On December 3, 2008, Polaris received an advance from Investments and Technical Management Ltd ("ITM") in the amount of \$200,000. This advance did not bear any interest and was due on demand. ITM was considered a related party because its principal, John Clark, was a director and officer of Polaris before the Business Combination. ITM is no longer considered a related party as a result of the Business Combination. The advance was used for working capital purposes and was repaid in February 2009.

During August 2008, Ken McLeod, the then current CEO of Western lent to Western an aggregate of \$400,000. This loan was used for working capital purposes and was repaid on October 22, 2009.

On August 17, 2009, the Company's subsidiary Polaris Energy Chile Limitada ("PECL") received a loan from a shareholder for an amount of \$411,939. The loan did not bear any interest and was due on demand. The loan was used for working capital purposes and was repaid in January 2010.

SUBSEQUENT EVENTS

On January 1, 2010, Western was amalgamated with and into the Company and as a result, the former direct subsidiaries of Western, Western GeoPower Inc. and Meager Creek Development Corporation, became direct subsidiaries of the Company.

On January 26, 2010, the Company announced it had been awarded two geothermal concessions in Northern Chile through its subsidiary PECL. The two concessions comprise a total area of 247,000 acres and are known as Aucan I and Laguna Verde.

On February 10, 2010, the Company announced that its subsidiary Clayton Valley 1, LLC ("Clayton") had signed a 20-year PPA with Nevada Power Corporation for energy that will be produced by a new geothermal power plant under development in central Nevada, U.S.A. Estimated completion date of the project is June 2014. Clayton may be subject to liability for non-performance before and after the commercial operation date of up to \$2,635,000 and \$5,270,000, respectively. Clayton may also be responsible for delay start-up damages of up to \$2,635,000 if the project is not completed within the agreed-upon completion date. In order to meet the estimated completion date, the Company must secure financing for the project and obtain a notice to proceed on the engineering procurement and construction.

On February 12, 2010, 89,700 warrants of the Company were exercised at a price of \$3.00 per warrant. Proceeds from the warrant exercise totaled \$269,100.

On March 25, 2010, the Company announced that its subsidiary Polaris Energy Nicaragua S.A. satisfied the conditions precedent for a drawdown on the \$77 million credit facility with the Central American Bank for Economic Integration, Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., Export Development Canada, and Cordiant Capital. The Company received a disbursement of \$18 million that will be used towards the development of Phase I expansion of the San Jacinto Project.



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OUTLOOK

The recapitalization of the Company upon completion of the Business Combination and the Equity Financing in October 2009 is expected to have a significant positive impact on its ability to fund and develop its existing pipeline of geothermal power projects. The recapitalization provided the Company with gross proceeds of \$173.6 million from the sale of additional equity that could be used to develop its existing geothermal projects. The combined geothermal assets of Polaris, Western and RPI provide the Company with the necessary critical mass and a pipeline of projects to develop. Ram Power's highly experienced geothermal project development and management team positions the Company to maximize the value of the assets assembled, secure additional financing and identify additional projects for the future growth and expansion of the Company.

The San Jacinto Project provides current revenue as well as rapid expansion capability. Construction on Phase I of the San Jacinto Project expansion began in October 2009 and is planned to add 36 MW. Most of the construction activity is planned to take place in 2010 and completion is expected in April 2011.

The Company has entered into two mandate letters with International Finance Corp ("IFC") and with the Inter American Development Bank to arrange financing for the Phase II expansion of the San Jacinto Project which includes the addition of an identical 36 MW power plant. This phase is expected to go on line by the end of 2011. The Company expects that the IFC led financing will provide most of the funds for construction of the project with the balance provided from existing resources of the Company.

The Company plans to start developing Orita 1, its 49.9 MW facility in the Imperial Valley, in April 2010. Upon final approval by the Company's Board of Directors, the Company expects to spend approximately \$30 million to drill four exploration/production wells on the site which is the next step necessary to obtain construction financing for the project.

In the later part of 2009 a party with substantial operation in the Geysers, California, approached the Company to consider some form of a joint venture for the Geysers Project in lieu of the original plan to develop a 25 MW power plant. In the beginning of 2010, another party with operations in the Geysers area approached the Company with similar proposals. Pending the conclusion of the negotiations with these parties, the Company temporarily halted its development activities for the Geysers Project. Under the contemplated scenarios, the Company may sell steam from the resource, develop the resource under a joint venture structure, which may include a construction of a power plant, or revert to the original development plan. The Company has been analyzing the various proposals and plans to make a final decision about the Geysers Project development in April 2010.

For the year 2010, the Company expects to record revenue from the sale of power and carbon credits of approximately \$6 million. The Company is still in the early development stage and 2010 is currently contemplated to be characterized by extensive development and construction activities. The Company has sufficient financial resources through a combination of its funds and the committed loan proceeds to meet all of its anticipated obligations in the year 2010.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company evaluates its estimates on an on-going basis and bases them on various assumptions that are believed to be reasonable under the circumstances. The Company's estimates form the basis for making judgments about the carrying value for assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. A summary of the Company's significant accounting policies can be found in Note 1 to the consolidated financial statements. The following discussion outlines the accounting policies and practices involving the use of estimates that are critical to determining the Company's financial results.



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Geothermal properties

Amounts capitalized under geothermal properties represent expenditures incurred for the development of new facilities including site preparation and engineering costs. Amounts are initially valued at cost and are tested for impairment based on the expected service potential of the asset when development is substantially complete. The concessions are split into different stages depending on the new facility and additional level of power generated as a result of the completed construction of each stage. On substantial completion of each stage or new facility, amortization is recorded over the remaining term of the PPA on a straight-line basis. Thereafter, the amounts are evaluated for impairment in accordance with long-lived assets.

Goodwill and Intangible Assets

Goodwill, which represents the excess of purchase price over fair value of net assets acquired, is assessed by the Company for impairment at least annually. To assess impairment, the fair value of the Company's reporting segment is determined and compared to the book value of the segment. If the fair value of the segment is less than the book value, then a second test is performed to determine the amount of the impairment. The amount of the impairment is determined by deducting the fair value of the segment's assets and liabilities from the fair value of the segment to determine the implied fair value of goodwill and comparing that amount to the book value of the segment's goodwill. Any excess of the book value of goodwill over the implied fair value of goodwill is the impairment amount. The fair value used in the impairment test is based on estimates of discounted future cash flows. In connection with the Business Combination described in Note 3 of the Company's audited consolidated financial statements, the Company recognized goodwill. As the Company operates in a single segment, it performed its annual impairment test of goodwill at the consolidated level, finding no impairment necessary at December 31, 2009.

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income taxes are estimated and recorded for the effect of any difference between the accounting and income tax basis of an asset or liability, using the substantively enacted income tax rates. Accumulated future income tax balances are adjusted to reflect changes in income tax rates that are substantively enacted with the adjustment being recognized in net earnings in the period that the change occurs. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change. As such, income taxes are subject to measurement uncertainty and the interpretations can impact net earnings through the income tax expense and the future income tax assets and liabilities.

New Accounting Policies

Business Combinations

Effective January 1, 2009, the Company elected to early adopt the accounting standard CICA Handbook Section 1582 "*Business Combinations*", which replaced the previous business combination standard. The standard requires assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition-related and restructuring costs are to be recognized separately from the business combination and included in the statement of earnings. The adoption of this standard had a significant impact on the Company related to the Business Combination described in Note 3 to the Company's consolidated financial statements.

Consolidated Financial Statements

Effective January 1, 2009, the Company elected to early adopt the accounting standard CICA Handbook Section 1601 "*Consolidated Financial Statements*", which together with Section 1602 below, replaced the former consolidated financial statements standard. Section 1601 establishes the requirements for the preparation of consolidated financial statements. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.



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Non-controlling Interests

Effective January 1, 2009, the Company elected to early adopt the accounting standard CICA Handbook Section 1602 "Non-controlling Interests", which establishes the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The standard requires a non-controlling interest in a subsidiary to be classified as a separate component of equity. In addition, net earnings and components of other comprehensive income are attributed to both the parent and non-controlling interest. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Future Accounting Standards

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Institute of Chartered Accountants' ("CICA") Accounting Standards Board confirmed that IFRS will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises. The Company will be required to report its results in accordance with IFRS beginning in 2011. The Company has developed a changeover plan to complete the transition to IFRS by January 1, 2011, including the preparation of 2010 required comparative information.

The key elements of the Company's plan include three phases:

- Assessment (Phase I) – Identification of key Canadian GAAP and IFRS differences and consideration of IFRS 1 elections and required internal trainings.
- Scoping (Phase II) – Understanding key IFRS issues and new information, including valuations. Understanding the requirements and the realignment for new accounting information system. Assignment of IFRS responsibilities and training of appropriate personnel. Prepare communications to market and stakeholders on the impact of an IFRS implementation.
- Implementation and Testing (Phase III) – Agreement of accounting policies to be implemented. Complete development of chart of accounts and financial statements formats. Perform audit of transition balance sheet. Process and review transactions in IFRS accounting information system.

The Company is currently completing Phase I and is advancing to Phase II, which it plans to have completed by June 30, 2010. Phase III is expected to be completed by December 31, 2010.

Expected Accounting Policy Impacts

Management has considered the differences between Canadian GAAP and IFRS as they impact the Company. The specific areas where no applicable differences in recognition and measurement have been identified are cash, receivables, inventory, trade and other payables and capital lease obligations. The specific areas where differences in recognition and measurement are expected to be insignificant are property, plant and equipment, geothermal properties, deferred exploration and development costs, asset retirement obligations, revenue, impairment charge and stock based compensation.

The Company's significant areas of impact include borrowing costs and income taxes. These areas of impact have the greatest potential impact to the Company's financial statements. The following discussion provides an overview of these areas, as well as the exemptions under First-time Adoption of International Financial Reporting Standards ("IFRS 1"). In general, IFRS 1 requires first time adopters to retrospectively apply IFRS, although it does not provide optional and mandatory exemptions to these requirements.

Borrowing costs

Under Canadian GAAP, the Company may choose whether to expense or capitalize borrowing costs. The Company's current accounting policy is to expense borrowing costs. Upon transition to IFRS, the Company will be required to capitalize qualifying borrowing costs. The Company is anticipating a significant amount of borrowing costs in the future related to the development of the Company's geothermal projects. The Company cannot quantify the impact of the adoption of this accounting policy at this time.



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Income taxes

In transitioning to IFRS, the Company's future tax liability will be impacted by the tax effects resulting from the IFRS changes discussed above. The Company continues to assess the impact that IFRS income tax principles may have on the Company.

Other IFRS 1 Considerations

The IFRS 1 election relates to the Company's ability to use either the fair value of an asset as its deemed cost or the revaluation value under the Canadian GAAP as the deemed cost of an asset at the date of transition. The Company elected to use the revaluation under the Canadian GAAP that is being performed in connection with the Business Combination

CONTROL MATTERS

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining adequate disclosure controls and internal controls over financial reporting as defined under National Instrument 52-109 of the Canadian Securities Administrators. Due to their inherent limitations, disclosure controls and internal controls over financial reporting may not prevent or detect material disclosures or material adjustments or disclosures to the financial statements on a timely basis. Also projections of any evaluation of the effectiveness of controls to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, controls while expected to provide reasonable assurance, are not expected to prevent and detect all misstatements due to error or fraud. Ram Power's Management, under the supervision of, and with the participation of Ram Power's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), have designed and evaluated the effectiveness and operation of its disclosure controls and procedures.

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed with Canadian securities regulatory authorities is recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed by Ram Power in such reports is then accumulated and communicated to the Company's Management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure.

Based on the evaluation of disclosure controls and procedures, the CEO and CFO have concluded that Ram Power's disclosure controls and procedures and internal controls over financial reporting are ineffective as at December 31, 2009.

Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting of the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

The Company's internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.



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As the result of the Business Combination that happened late in the reporting year, the Company has undergone a number of significant changes in its structure, business plans, management and board of directors. Given these changes, the Company is currently in the process of realigning and, in some cases, establishing a new internal control framework. The design of this framework is still in progress. All of these changes have resulted in a significant deficiency in the effectiveness of internal controls over financial reporting that was identified by management during its evaluation of the Company's internal controls. A significant deficiency is a deficiency, or a combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the Company's financial reporting. Western and RPI were scoped out of the evaluation as these entities were acquired less than a year from the time of the evaluation.

Both Western and RPI were acquired in the early stages of development and do not have significant operating activities that impact the financial statements of the Company. As of December 31, 2009, both Western and RPI have significant interests in geothermal properties as follows:

	Western	RPI
Geothermal properties	\$ 63,022,262	\$ 8,900,977

Currently we do not have sufficient in-house expertise in Canadian GAAP reporting, especially in complex accounting issues. Instead, we rely very much on the expertise and knowledge of external financial advisors. External financial advisors have helped prepare and review the consolidated financial statements. To remediate this situation, we are seeking to recruit experienced professionals to augment and upgrade our financial staff to address issues of accuracy and completeness in Canadian GAAP financial reporting. In addition, we do not believe we have sufficient documentation of our existing financial processes, risk assessment and internal controls. We plan to work closely with external financial advisors to document the existing financial processes, risk assessment and internal controls systematically. We believe that the remediation measures we are taking, if effectively implemented and maintained, will remediate the significant deficiency discussed above.

RISKS AND UNCERTAINTIES

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risk and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

Risk Relating to the Company's Business and Industry

Geothermal exploration and development programs are highly speculative, are characterized by significant inherent risk and costs and may not be successful

The Company's future performance depends on its ability to discover and establish economically recoverable and sustainable geothermal resources on the Company's properties through its exploration and development programs. Geothermal exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into generating power plants. There is no assurance that the Company's exploration and development programs will be successful. Despite historical exploration work, The Company's properties, other than the San Jacinto Project and the Geysers Project, are without a known geothermal resource. Substantial exploration and development work is required in order to determine if any economically recoverable and sustainable geothermal resources are located on these exploration properties. Successfully discovering geothermal resources is dependent on a number of factors, including the technical skill of exploration personnel involved. Even in the event commercial quantities of geothermal resources are discovered, it may not be commercially feasible to bring power generation facilities into a state of commercial production from such geothermal resources. The commercial viability of a geothermal resource once discovered is dependent on a number of factors, some of which are particular attributes of the resource, such as heat content (the relevant composition of temperature and flow rate/pressure), useful life, operational factors relating to the extraction of fluids from the geothermal resource, proximity to infrastructure, capital costs to construct a power plant and related infrastructure and energy prices. Many of these



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factors are beyond the Company's control.

Geothermal exploration and development costs are high and are not fixed. A geothermal resource cannot be relied upon until substantial development, including drilling and testing, has taken place. The costs of development drilling are subject to numerous variables such as unforeseen geologic conditions underground that could result in substantial cost overruns. Drilling at the Company's properties may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs.

The Company's drilling operations may be curtailed, delayed or cancelled as a result of numerous factors, many of which are beyond the Company's control, including economic conditions, mechanical problems, title problems, weather conditions, compliance with governmental requirements and shortages or delays of equipment and services.

If the Company's drilling activities are not successful, it could materially adversely affect its business, financial condition, future results and cashflow.

The Company has a limited operating history

The Company has a very limited history of operations and will be subject to many of the risks common to start up enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

As a result of the Company's planned exploration and plant expansion projects, over the near term the Company does not expect that its operating revenues will be sufficient to cover its expenses. The Company's ability to generate greater revenues and become profitable will depend on a number of factors, including its ability to:

- successfully complete its planned expansion programs for its San Jacinto Project;
- advance planned and future development programs on the Company's properties to commercial operation;
- acquire interests in producing geothermal power companies or producing geothermal power plants that contribute to the Company's profitability;
- verify geothermal resources on the Company's properties that are sufficient to generate a favorable economic return from electricity sales;
- acquire electrical transmission and interconnection rights for the Company's geothermal power plant development projects;
- enter into PPAs for the sale of electricity from the Company's geothermal power plant development projects at prices that support its operating and financing costs;
- finance and complete the development and construction of geothermal power plants on the Company's properties;
- operate producing geothermal power plants on a profitable basis;
- secure adequate capital to support the Company's expansion, exploration and development programs and finance its acquisitions;
- attract and retain qualified personnel; and
- arrange project financing on reasonable terms.

The Company's financial performance depends on its successful operation of geothermal power plants, which is subject to various operational risks

The Company's financial performance depends on its successful operation of geothermal power plants. At present, the Company operates a single power plant at its San Jacinto operation. The cost of operation and maintenance and the operating performance of a geothermal power plant may be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- regular and unexpected maintenance and replacement expenditures;
- shutdowns due to the breakdown or failure of the plant's equipment or the equipment of the transmission serving utility;
- labor disputes;



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- catastrophic events such as fires, explosions, earthquakes, landslides, floods, releases of hazardous materials, severe storms or similar occurrences affecting a power plant, any of the power purchasers from a power plant or third parties providing services to a power plant; and
- the aging of power plants, which may reduce their operating performance and increase the cost of their maintenance.

Any of these events could significantly increase the expenses incurred by a power plant or reduce the overall generating capacity of a power plant and could significantly reduce or entirely eliminate the revenues generated by a power plant, which in turn would reduce the Company's net income and could materially and adversely affect its business, financial condition, future results and cashflow.

The Company's geothermal resources may decline over time and may not remain adequate to support the life of its power plants

The operation of geothermal power plants depends on the continued availability of adequate geothermal resources. Although the Company believes its geothermal resources will be fully renewable if managed properly, it cannot be certain that any geothermal resource will remain adequate for the life of a geothermal power plant.

Any geothermal resource may suffer an unexpected decline in capacity to generate electricity. A number of events could cause such a decline or shorten the operational duration of a geothermal resource.

These events include:

- failure to recycle all of the geothermal fluids used in connection with the applicable geothermal resource; and
- failure to properly maintain the hydrological balance of the applicable geothermal resource.

If the geothermal resources available to a power plant developed by the Company become inadequate, The Company may be unable to perform under the PPA for the affected power plant, which in turn could reduce its revenues and materially and adversely affect its business, financial condition, future results and cash flow. If the Company suffers a decline in its geothermal resources, it may have an adverse impact on the covenants in the related projected financing documents and may impair its ability to repay its debt and provide for the anticipated tax benefits.

Uncertainty in the calculation of geothermal resources and probabilistic estimates of gross MW capacity

There is a degree of uncertainty attributable to the calculation of geothermal resources and probabilistic estimates of gross MW capacity. Until a geothermal resource is actually accessed and tested by production and injection wells, the temperature and composition of underground fluids must be considered estimates only. In addition, estimates as to the percentage of the heat that can be expected to be recovered at the surface is subject to a number of assumptions including, but not limited to, resource base temperature, areal extent of the geothermal reservoir, thickness of the geothermal reservoir, percentage of resource recovery and the expected lifetime of the geothermal reservoir. If any of these assumptions prove to be materially incorrect, it may affect the gross MW capacity of a property.

Geological occurrences beyond the Company's control may compromise its operations and their capacity to generate power

In addition to the substantial risk that production wells that are drilled will not be productive or may decline in productivity after commencement of production, hazards such as unusual or unexpected geologic formations, downhole conditions, mechanical failures, blowouts, cratering, localized ground subsidence, localized ground inflation, explosions, uncontrollable releases or flows of well fluids, pollution and other physical and environmental risks are inherent in geothermal exploration and production. These hazards could result in substantial losses to the Company due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage, failure to find a proper injection zone and suspension of operations.

Additionally, active geothermal areas, such as the areas in which the Company's operations and properties are located, are subject to frequent low-level seismic disturbances. Serious seismic disturbances are possible and could result in damage to its projects or equipment or degrade the quality of its geothermal resources to such an extent that the Company could not perform under the PPA for the affected project, which in turn could reduce its net income and materially and adversely affect the Company's business, financial condition, future results and cash flow. If the



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Company suffers a serious seismic disturbance, its business interruption and property damage insurance may not be adequate to cover all losses sustained as a result thereof. In addition, insurance coverage may not continue to be available in the future in amounts adequate to insure against such seismic disturbances.

The Company may be unable to obtain the financing it needs to pursue its growth strategy

When the Company identifies a geothermal property that it may seek to acquire or to develop, a substantial capital investment often will be required. The Company's continued access to capital, through project financing or through credit facilities or other arrangements with acceptable terms is necessary for the success of its growth strategy. The Company's attempts to secure the necessary capital may not be on favorable terms, or successful at all. Market conditions and other factors may not permit future project and acquisition financings on terms favorable to the Company. The Company's ability to arrange for financing on favorable terms, and the costs of such financing, are dependent on numerous factors, including general economic and capital market conditions, investor confidence, the continued success of current projects, the credit quality of the project being financed, the political situation in the jurisdiction in which the project is located and the continued existence of tax laws which are conducive to raising capital. If the Company is unable to secure capital through credit facilities or other arrangements, it may have to finance its projects using equity financing which will have a dilutive effect on the common shares of the Company.

Also, in the absence of favorable financing or other capital raising options, the Company may decide not to build new plants or acquire properties from third parties. Any of these alternatives could have a material adverse effect on the Company's growth prospects and financial condition.

It is very costly to place geothermal resources into commercial production

Before the sale of any power can occur, it will be necessary to construct a gathering and disposal system, a power plant, and a transmission line, and considerable administrative costs will be incurred, together with the drilling of production and injection wells. Future development and expansion of power production at the Company's properties may result in significantly increased capital costs related to increased production and injection well drilling and higher costs for labor and materials. To fund expenditures of this magnitude, the Company may have to seek additional financing and sources of capital. There can be no assurance that additional capital can be found and, if found, it may result in the Company having to substantially reduce its interest in the project.

The Company may continue to incur negative operating cash flow for the foreseeable future

Revenues from the Company's San Jacinto Project are not sufficient to fund all of the Company's anticipated expansion, development and exploration programs and general and administrative expenses. The Company currently has a negative operating cash flow and may continue to do so for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations.

Energy prices are subject to dramatic and unpredictable fluctuations

The market price of energy is volatile and cannot be controlled. If the price of electricity should drop significantly, the economic prospects of the properties that the Company has an interest in, the power from which is not contracted for, could be significantly reduced or rendered uneconomic. There is no assurance that, even if commercial quantities of geothermal resources are discovered, a profitable market may exist for the sale of geothermal energy. Factors beyond the Company's control may affect the marketability of any geothermal resources discovered. Prices have fluctuated widely, particularly in recent years. The marketability of geothermal energy is also affected by numerous other factors beyond the Company's control, including government regulations relating to royalties, allowable production and exporting of energy sources, the effect of which cannot be accurately predicted.

Dramatic and unpredictable fluctuations in the market price for energy may affect the ability of the Company to enter into new PPAs on favorable terms to it, or at all, which would have a negative impact on the revenues of the Company and its decisions regarding development of additional properties.

Industry competition may impede the Company's ability to access suitable geothermal resources

Significant and increasing competition exists for the limited number of quality geothermal opportunities available. As a result of this competition, some of which is with large established companies with substantial capabilities and greater financial and technical resources than the Company, it may be unable to acquire additional geothermal



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operations or properties on terms it considers acceptable. There can be no assurance that the Company's acquisition programs will yield new geothermal operations or properties.

The Company may be unable to enter into PPAs on terms favorable to the Company, or at all

The electrical power generation industry, of which geothermal power is a sub-component, is highly competitive and the Company may not be able to compete successfully or grow its business. The industry is complex as it is composed of public utility districts, cooperatives and investor-owned power companies. Many of the participants produce and distribute electricity. Their willingness to purchase electricity from an independent producer may be based on a number of factors and not solely on pricing and surety of supply. If the Company cannot enter into PPAs on favorable terms to it, or at all, it would negatively impact the Company's revenue and its decisions regarding development of additional properties.

The power generation industry is characterized by intense competition, and the Company will encounter competition from electric utilities, other power producers, and power marketers that could materially and adversely affect the business, financial condition, future results and cash flow of the Company

The power generation industry is characterized by intense competition from electric utilities, other power producers and power marketers. In recent years, there has been increasing competition in the sale of electricity, in part due to excess capacity in a number of U.S. markets and an emphasis on short-term or "spot" markets, and competition has contributed to a reduction in electricity prices. For the most part, the Company expects that power purchasers interested in long-term arrangements will engage in "competitive bid" solicitations to satisfy new capacity demands.

This competition could adversely affect the Company's ability to obtain PPAs and the price paid for electricity by the relevant power purchasers. There is also increasing competition between electric utilities. This competition has put pressure on electric utilities to lower their costs, including the cost of purchased electricity, and increasing competition in the future will put further pressure on power purchasers to reduce the prices at which they purchase electricity from the Company.

The cancellation or expiry of government initiatives to support renewable energy generation may adversely affect the Company's business

Numerous government initiatives are currently in place, or have been or may be proposed, to support the development of renewable energy generation to meet increasing electricity demand. In the United States, current initiatives include:

incentives within the United States Internal Revenue Code, such as the ITC and accelerated depreciation allowances; provisions of the ARRA extending the availability of the PTC for geothermal projects placed in service before 2014, increasing the ITC from 10% to 30% of eligible costs, and creating a new grant program for geothermal projects that are placed in service in by the end of 2010 or by the end of 2013, for projects where construction began in 2009 or begins in 2010; RPS requirements or goals established in 33 states and the District of Columbia; and the U.S. Department of Energy's Loan Guarantee Program. The cancellation or expiry of any one or more of these government initiatives, or the failure of federal or state governments to adopt similar initiatives in the future, may adversely affect the Company's business by increasing the costs for financing or development of geothermal power plants and related transmission facilities, reducing demand for geothermal electricity or lowering energy prices.

Environmental and other regulatory requirements may add costs and uncertainty

The Company's current and future operations, including exploration and development activities and electricity generation from power plants, require licenses and permits from various governmental authorities and such operations are and will be subject to laws and regulations governing exploration and development, geothermal resources, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, project safety and other matters. Companies can experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations, licenses and permits. There is no assurance that all approvals or required licenses and permits will be obtained. Additional permits, licenses and studies, which may include environmental impact studies conducted before licences and permits can be obtained, may be necessary prior to the exploration or development of properties, or the operation of power plants, in which the Company has an interest, and there can be no assurance that the Company will be able to



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obtain or maintain all necessary licenses or permits that may be required on terms that enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, licensing or permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its activities, and may have civil or criminal fines or penalties imposed upon it for violations of applicable laws or regulations. Applicable laws and regulations, including environmental requirements and licensing and permitting processes, may require public disclosure and consultation. It is possible that a legal protest could be triggered through one of these requirements or processes that could delay, or require the suspension of, an exploration or development program or the operation of a power plant and increase the Company's costs. Because of these requirements, the Company could incur liability to governments or third parties for any unlawful discharge of pollutants into the air, soil or water, including responsibility for remediation costs.

The Company could potentially discharge such materials into the environment: from a well or drilling equipment at a drill site; leakage of fluids or airborne pollutants from gathering systems, pipelines, power plants or storage tanks; damage to geothermal wells resulting from accidents during normal operations; and blowouts, cratering and explosions.

No assurance can be given that new laws and regulations will not be enacted or that existing laws and regulations will not be applied in a manner that could limit or curtail the Company's exploration and development programs or its operation of power plants. Amendments to current laws, regulations, licenses and permits governing operations and activities of geothermal companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs, or reduction in levels of production or abandonment, or delays in development of the business.

The success of the Company's business relies on attracting and retaining key personnel

The Company is dependent upon the services of its senior management team. The loss of any of their services could have a material adverse effect upon the Company.

The Company's officers and directors may have conflicts of interests arising out of their relationships with other companies

Several of the Company's directors and officers serve (or may agree to serve) as directors or officers of other companies or have significant shareholdings in other companies. To the extent that such other companies may participate in ventures in which the Company participates, the directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

The Company may face adverse claims to title

Although the Company has taken reasonable precautions to ensure that legal title to its properties is properly documented, there can be no assurance of title to any of its property interests, or that such title will ultimately be secured. The Company's property interests may be subject to prior unregistered agreements or transfers or other land claims, and title may be affected by undetected defects and adverse laws and regulations.

BLM leases may be terminated if the Company fails to comply with any of the provisions of the Geothermal Steam Act of 1970 or if the Company fails to comply with the terms or stipulations of such leases

Pursuant to the terms of the BLM leases, the Company is required to conduct its operations on BLM-leased land in a workmanlike manner and in accordance with all applicable laws and BLM directives and to take all mitigating actions required by the BLM to protect the surface of and the environment surrounding the relevant land.



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Additionally, certain BLM leases contain additional requirements, some of which relate to the mitigation or avoidance of disturbance of any antiquities, cultural values or threatened or endangered plants or animals, the payment of royalties for timber and the imposition of certain restrictions on residential development on the leased land. In the event of a default under any BLM lease, or the failure to comply with such requirements, or any non-compliance with any of the provisions of the Geothermal Steam Act of 1970 or regulations issued thereunder, the BLM may, 30 days after notice of default is provided to the Company's relevant project subsidiary, suspend its operations until the requested action is taken or terminate the lease, either of which could materially and adversely affect the Company's business, financial condition, future results and cash flow.

Geothermal leases with private parties may be terminated if the Company fails to comply with the terms or stipulations of such leases

Pursuant to the terms of the BLM leases, the Company is required to conduct its operations on BLM-leased land in a workmanlike manner and in accordance with all applicable laws and BLM directives and to take all mitigating actions required by the BLM to protect the surface of and the environment surrounding the relevant land.

Additionally, certain BLM leases contain additional requirements, some of which relate to the mitigation or avoidance of disturbance of any antiquities, cultural values or threatened or endangered plants or animals, the payment of royalties for timber and the imposition of certain restrictions on residential development on the leased land. In the event of a default under the lease, the lessor may, after notice of default is provided to the Company's relevant project subsidiary as provided in the lease, suspend operations on the leasehold estate or terminate the lease, either of which could materially and adversely affect the Company's business, financial condition, future results and cash flow.

Fluctuation in foreign currency exchange rates may affect the Company's financial results

The Company maintains accounts in Canadian and U.S. dollars. The Company's operations in the United States and Nicaragua make it subject to foreign currency fluctuations. Foreign currency fluctuations are material to the extent that fluctuations between the Canadian and U.S. dollar and/or U.S. dollar balances are material. The Company does not at present, nor does it plan in the future, to engage in foreign currency transactions to hedge exchange rate risks but it does convert Canadian funds to U.S. dollars anticipating U.S. expenditures.

The Company may not be able to successfully integrate businesses or projects that it acquires in the future

The Company's business strategy is to expand in the future, including through acquisitions. Integrating acquisition targets is often costly, and the Company may not be able to successfully integrate acquired companies with its existing operations without substantial costs, delays or other adverse operational or financial consequences. Integrating acquired companies involves a number of risks that could materially and adversely affect the Company's business, including:

- the failure of the acquired companies to achieve expected results;
- inability to retain key personnel of acquired companies;
- risks associated with unanticipated events or liabilities; and
- difficulties associated with establishing and maintaining uniform standards, controls, procedures and policies, including accounting and other financial controls and procedures.

The Company's insurance policies may be insufficient to cover losses

As protection against operating hazards, the Company intends to maintain insurance coverage against some, but not all, potential losses. The Company may not fully insure against all risks associated with its business either because such insurance is not available or because the cost of such coverage is considered prohibitive. The occurrence of an event that is not covered, or not fully covered, by insurance could have a material adverse effect on the Company's financial condition and results of operations.

The Company's projects may not be eligible for Qualifying Facility status under PURPA

PURPA largely exempts "Qualifying Facilities" from the FPA and certain state and local laws and regulations regarding rates and financial and organizational requirements for the electric power generation industry. If any of the Company's U.S. projects were to lose their existing Qualifying Facility status or new projects failed to obtain



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Qualifying Facility status, such project could become subject to the full scope of the FPA and applicable state regulation. The application of the FPA and other applicable state regulation could require the Company's operations to comply with an increasingly complex regulatory regime that may be costly and greatly reduce operational flexibility.

In addition, pursuant to the FPA, the FERC has exclusive rate-making jurisdiction over wholesale sales of electricity and transmission of public utilities in interstate commerce. These rates may be based on a cost of service approach or may be determined on a market basis through competitive bidding or negotiation. If a U.S. project were to lose or be ineligible for Qualifying Facility status, it would become a public utility under the FPA, and the rates charged by such project pursuant to its PPAs would be subject to the review and approval of the FERC. A material and adverse change to the rates made by the FERC would likely result in a decrease in future revenues or in an obligation to disgorge revenues previously received from the relevant project, either of which would have an adverse effect on the revenues of the Company. Moreover, a loss of Qualifying Facility status also could permit the power purchaser, pursuant to the terms of the particular PPA, to cease taking and paying for electricity from the relevant project or, consistent with FERC precedent, to seek refunds of past amounts paid. This could cause the loss of some or all of the Company's revenues payable pursuant to the related PPAs, result in significant liability for refunds of past amounts paid, or otherwise impair the value of our projects.

Pursuant to the Energy Policy Act of 2005, FERC was also given authority to prospectively lift the mandatory obligation of a utility under PURPA to offer to purchase electricity from a Qualifying Facility if the utility operates in a workably competitive market. If the utilities in the regions in which the Company's projects operate were to be relieved of the mandatory purchase obligation, they would not be required to purchase energy from the project in the region under Federal law upon termination of the existing PPA or with respect to new projects, which could have a material and adverse affect on the Company's business, financial condition, future results and cash flow.

Urbanizing activities related developments may limit geothermal activities in the areas of the Company projects

Current and future urbanizing activities and related residential, commercial and industrial development may encroach on or limit geothermal activities in the areas of our projects, thereby affecting the Company's ability to utilize access, inject, and/or transport geothermal resources on or underneath the affected surface areas.

Employee Recruitments, Retention and Human Error

Recruiting and retaining qualified personnel is critical to our success. We are dependent on the services of key executives including our Chief Executive Officer and other highly skilled and experienced executives and personnel focused on managing our interests. The number of persons skilled in acquisition, exploration, development, and operation of geothermal properties is limited and competition for such persons is intense. As our business activities grow, we will require additional key financial, administrative and technical personnel as well as additional operations staff. There can be no assurance that we will be successful in attracting, training, and retaining qualified personnel as competition for persons with these skill sets increase. If we are not successful in attracting, training, and retaining qualified personnel, the efficiency of our operations could be impaired, which could have an adverse impact on our future cash flows, earning, results of operations and financial condition.

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage our interests, even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to us. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort we might undertake and legal claims for errors or mistakes by our personnel.

Risks Relating to the Political and Economic Climates of Countries in which the Company Operates

There are risks associated with inter-regional transmission grids

The electrical power generated by the Company's operations may be used by consumers in the jurisdiction where such operations are located, such as Nicaragua in the case of the San Jacinto Project, or sold to other neighboring jurisdictions through an inter-regional transmission grid. Applicable laws, inter-regional agreements and the structure and functioning of the power markets between a host state and its neighboring states are all critical to the success of The Company's geothermal projects.



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Host country economic, social and political conditions can negatively affect the Company's operations

Some of the Company's properties are located in Nicaragua. As the Company conducts exploration, development and commercial operations in these foreign countries, it is exposed to a number of risks and uncertainties, including:

- political repression;
- expropriation or nationalization without adequate compensation;
- difficulties enforcing judgments obtained in Canadian or United States courts against assets located outside of those jurisdictions;
- labor unrest;
- high rates of inflation;
- changes to royalty and tax regimes;
- potential fluctuations in currency exchange rates;
- volatile local political and economic developments;
- difficulty with understanding and complying with the regulatory and legal framework respecting the ownership and maintenance of geothermal properties and power plants; and
- difficulty obtaining key equipment and components for equipment.

Host country economic, social and political uncertainty can arise as a result of lack of support for the Company's activities in local communities in the vicinity of its properties. Such uncertainties also arise as a result of the relatively new and evolving promotion of private-sector power development. Though the effects of competition will increase the likelihood of market efficiencies and benefit the Company's properties, elimination of energy cost subsidies may increase the inability of end-use consumers to pay for power and lead to political opposition to privatization initiatives and have an adverse impact on its properties and operations.

Risks Relating to the Common Shares and Trading Market

If the share price of the Company's common shares fluctuates, investors could lose a significant part of their investment.

In recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. The market price of the common shares of the Company could similarly be subject to wide fluctuations in response to a number of factors, most of which the Company cannot control, including:

- changes in securities analysts' recommendations and their estimates of the Company's financial performance;
- the public's reaction to the Company's press releases, announcements and filings with securities regulatory authorities and those of its competitors;
- changes in market valuations of similar companies;
- investor perception of the Company's industry or prospects;
- additions or departures of key personnel;
- commencement of or involvement in litigation;
- changes in environmental and other governmental regulations;
- announcements by the Company or its competitors of strategic alliances, significant contracts, new technologies, acquisitions, commercial relationships, joint ventures or capital commitments;
- variations in the Company's quarterly results of operations or cash flows or those of other companies;
- revenues and operating results failing to meet the expectations of securities analysts or investors in particular quarter;
- future issuances and sales of the common shares of the Company ; and
- changes in general conditions in the domestic and worldwide economies, financial markets or the mining industry.

The impact of any of these risks and other factors beyond the Company's control could cause the market price of the common shares of the Company to decline significantly. In particular, the market price for the common shares of the Company may be influenced by variations in electricity prices. This may cause the price of the common shares of



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the Company to fluctuate with these underlying commodity prices, which are highly volatile.

Under U.S. federal tax rules, the Company may be classified as a passive foreign investment company (a "PFIC"), which would result in special and generally unfavorable U.S. federal tax consequences to our U.S. shareholders

As a non-U.S. corporation, the Company may be a PFIC depending on the percentage of the Company's gross income which is "passive", within the meaning of the U.S. Internal Revenue Code, or the percentage of the Company's assets that produce or are held to produce passive income. The Company may be a PFIC in 2009 and in some or all subsequent taxable years. If the Company is a PFIC for any taxable year during a U.S. shareholder's holding period in our common shares, such U.S. shareholder may be subject to increased U.S. federal income tax liability on the sale of the common shares of the Company or on the receipt of dividends. The PFIC rules are complex and may be unfamiliar to U.S. shareholders. Accordingly, U.S. shareholders are urged to consult their own tax advisors concerning the application of the PFIC rules to their common shares of the Company.

The Company has no dividend payment policy and does not intend to pay any cash dividends in the foreseeable future

The Company has not declared or paid any dividends on the common shares of the Company and does not currently have a policy on the payment of dividends. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and developments of its business. The payment of any future dividends will depend upon earnings and the Company's financial condition, current and anticipated cash needs and such other factors as its board of directors considers appropriate.

The issuance of additional equity securities may negatively impact the trading price of common shares of the Company

The Company may issue equity securities to finance its activities in the future. In addition, outstanding options to purchase the common shares of the Company may be exercised, resulting in the issuance of additional common shares. The issuance of additional equity securities or a perception that such an issuance may occur could have a negative impact on the trading price of the common shares of the Company.

Current global financial conditions have been subject to increased volatility

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the Company's ability to obtain equity or debt financing in the future and, if obtained, on terms favorable to it. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the common shares of the Company could be adversely affected.

Additional information about the Company is available on SEDAR at www.sedar.com and on the Company's website at www.ram-power.com.